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76-6553

OTR Registry

76/2777

ATB-OTR AUDIT

24 August 1976

MEMORANDUM FOR: Director of Training

FROM :

SUBJECT : Results of Annual Audit For the Period -
1 May 1975 - 31 May 1976

REFERENCE : Memo 76-6519 to DTR fr
dtd 28 Jul 76, same subject

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1. This memorandum is for your information only.

2. As you will recall, on 29 July 1976, I hand-carried referent memorandum together with the informal Report of Audit of the , now known as the , for the period of 1 May 1975 - 31 May 1976, and discussed the contents with you and the Chief, Budget and Finance Branch/TR. At that time you expressed a desire that action be taken concerning all auditor recommendations within 30 days.

3. With the above in mind, I have accordingly prepared the following responses keyed to each of the auditor's recommendations:

Recommendation (paragraph 4a): Limit access to the bulk storage area to three persons.

Comment: Three people have been specifically identified and henceforth will be the only individuals authorized access to the bulk (liquor) storage area located in the Students Recreation Building (SRB).

Recommendation (paragraph 4b): Limit access to the small storage areas to the three individuals and the head bartender who would stock the bar areas.

Comment: We have made the appropriate changes to comply with this recommendation.

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Recommendation (paragraph 5): Agree and document vending machine sales to cash collections when machines are restocked and/or serviced.

Comment: The Special Services Officer responsible for the vending machines is now matching machine inventories with cash sales and verifying that no discrepancies exist at the time the machines are restocked and/or serviced.

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Recommendation (paragraph 4): Acquire a new cash register for the GSI Sales Store.

Comment: The Chief, Finance Branch, Chief, Logistics Branch, and the GSI Contract Manager have observed a demonstration of a new cash register that will produce a customer sales tape, that will provide a visual display of the amount of the sale, and which contains a tamper-proof second tape which permanently records all sales made. This new machine encompasses all the characteristics which the auditors recommended. It will be purchased once a decision is made on the type model to be selected.

Recommendation (paragraph 5): Require GSI to report to Station Finance the Sales Store inventory at cost.

Comment: Presently, the financial statement prepared by the mess hall on behalf of the Sales Store is based on inventories at "retail" prices which is in conformity with GSI accounting procedures. GSA audits the GSI activities and has approved this accounting system.

To comply with this recommendation that the Sales Store inventory is to be reported at "cost" will levy an additional burden on mess hall and other personnel because the inventory will have to be extended on a "cost" basis as well as a "retail" basis. This matter was discussed by telephone on 10 August with the chief auditor [REDACTED] at Headquarters, and he is considering deleting this recommendation from the final report of audit.

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Recommendation (paragraph 6): Complete the annual updating of the Station property Consolidated Memorandum Receipt (CMR) files.

Comment: All CMR files summarizing property accounts have been updated.

Recommendation (paragraph 7): Transfer responsibility for all Station Communications property to the Communications Officer who is scheduled to arrive in September 1976.

Comment: All accountable Communications property has been inventoried and picked up on a CMR and signed for by the Deputy Chief, Supply Section. When the new Communications Officer arrives, the transfer of the property to his CMR account will be accomplished.

Recommendation (paragraph 8): Terminate accountability for the lost weapon.

Comment: In March 1976, a 9-mm automatic handgun was discovered to be either lost or stolen. The Office of Security and the Federal Bureau of Investigation conducted thorough but unsuccessful investigations. Therefore, at the recommendation of the auditors, a certificate of expenditure was prepared on 17 August 1976 with supporting documentation, and accountability for this weapon was appropriately terminated.

Recommendation (paragraph 9): Physically dispose of MV 8131, MV 8378, and MV 8227 and inform Headquarters why the 90-day disposal limitation period had not been mde.

Comment: A memorandum was forwarded to the Chief, Supply Division/OL via the DTR on 19 August 1976 (76-6532), which explained why the 90-day vehicle disposal limitation was not met. MV 8131 and MV 8227 have subsequently been disposed of, and MV 8378 is still on hand pending a decision with regard to its retention as requested in the memorandum noted above.

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Recommendation (paragraph 10): Assign the responsibility of keeping the motor vehicle usage and maintenance records to the Transportation Section of Public Works.

Comment: Duplicate vehicle usage and maintenance records are no longer being maintained. Responsibility for keeping these records now rests solely with the Transportation Shop of the Public Works Section as recommended.

Recommendation (paragraph 11): Update future Real Property Summary listings from Headquarters on a timely basis.

Comment: All future Real Property Summary listings submitted from Headquarters for updating will be completed and returned on a timely basis.

4. In addition to the observations and recommendations made by the auditors, you also raised certain other points to be considered. You asked if we needed assistance from the Office of Logistics in order to comply with the auditors' recommendations. I believe we have satisfactorily covered all auditor recommendations and therefore have no need for Office of Logistics assistance.

5. With regard to your query whether there should be a weekly inventory of liquor stocks, we believe that this would put a heavy burden on limited Base Club and other personnel. We can and will revise our procedures, however, whereby we will inventory the bar-storage area every 30 vice 90 days which will coincide with the presently 30-day, bulk-storage inventory. By making this inventory-procedural change, we believe that any discrepancies will be more readily revealed and corrective action can be more expeditiously accomplished as both inventories can be matched and therefore reconciled at the same time.

6. You also asked about the practicality of numbering individual items of property. I believe you particularly had in mind desks, chairs, typewriters, etc., and other removable property items. We believe we have adequate property control through the accepted method of using CMR accounts whereby specific officers are individually responsible. In addition, practically all "personal-appeal" type items are controlled by serial number and all are issued on hand receipt.

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7. We have yet to receive the final audit report and are replying only to the recommendations made and previously left informally with us for our review. We have already implemented all changes where possible or have otherwise explained the reasons for not yet being able to do so. Pending certain decisions by Headquarters, as noted, we assume no further action is expected [REDACTED] until the final audit report is received.

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C/Log/[REDACTED] ar (24 Aug 76)